

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 KRISTIN K. MAYES, Chairman  
4 GARY PIERCE  
5 PAUL NEWMAN  
6 SANDRA D. KENNEDY  
7 BOB STUMP

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LEGAL DIV.  
ARIZ. CORPORATION COMMISSION

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AZ CORP COMMISSION  
DOCKET CONTROL

8 IN THE MATTER OF THE APPLICATION OF  
9 UNS GAS, INC. FOR THE ESTABLISHMENT OF  
10 JUST AND REASONABLE RATES AND  
11 CHARGES DESIGNED TO REALIZE A  
12 REASONABLE RATE OF RETURN ON THE  
13 FAIR VALUE OF THE PROPERTIES OF UNS  
14 GAS, INC. DEVOTED TO ITS OPERATIONS  
15 THROUGHOUT THE STATE OF ARIZONA.

DOCKET NO. G-04204A-08-0571

RATE CASE  
PROCEDURAL ORDER

11 **BY THE COMMISSION:**

12 On November 7, 2008, UNS Gas, Inc. ("UNS Gas" or "Company") filed with the Arizona  
13 Corporation Commission ("Commission") an application for a rate increase.

14 On December 3, 2008, the Local Union 1116, International Brotherhood of Electrical  
15 Workers, AFL-CIO ("IBEW Local 1116") filed an Application to Intervene.

16 On December 8, 2008, the Commission's Utilities Division ("Staff") filed its Letter of  
17 Sufficiency indicating that UNS Gas satisfied the requirements of Arizona Administrative Code  
18 ("A.A.C.") R14-2-103 and classifying the Company as a Class A utility.

19 On December 22, 2008, the Residential Utility Consumer Office ("RUCO") filed an  
20 Application to Intervene.

21 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern  
22 the preparation and conduct of this proceeding.

23 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter is hereby  
24 scheduled to commence on **August 10, 2009, at 9:30 a.m.**, at the Commission's offices, 1200 West  
25 Washington Street, Hearing Room #1 Phoenix, Arizona 85007.

26 IT IS FURTHER ORDERED that a pre-hearing conference shall be held on **August 7, 2009,**  
27 **at 10:00 a.m.**, for the purpose of scheduling witnesses and the conduct of the hearing.

28 IT IS FURTHER ORDERED that the **Staff Report and/or any testimony** and associated

1 exhibits to be presented at hearing on behalf of Staff shall be reduced to writing and filed on or before  
2 **June 8, 2009.**

3 IT IS FURTHER ORDERED that any **testimony and associated exhibits to be presented at**  
4 **hearing on behalf of intervenors** shall be reduced to writing and filed on or before **June 8, 2009.**

5 IT IS FURTHER ORDERED that any **rebuttal testimony and associated exhibits to be**  
6 **presented at hearing by UNS Gas** shall be reduced to writing and filed on or before **July 8, 2009.**

7 IT IS FURTHER ORDERED that any **surrebuttal testimony and associated exhibits to be**  
8 **presented by Staff or intervenors** shall be reduced to writing and filed on or before **July 29, 2009.**

9 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits to be**  
10 **presented at the hearing on behalf of UNS Gas** shall be reduced to writing and filed on or before  
11 **August 5, 2009.**

12 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**  
13 **filing is due, unless otherwise indicated above.**

14 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**  
15 **prefiled as of August 5, 2009, shall be made before or at the August 7, 2009, pre-hearing**  
16 **conference.**

17 IT IS FURTHER ORDERED that **each party shall individually prepare, and bring to the**  
18 **pre-hearing conference, copies of an issues matrix setting forth all disputed issues in the case.**  
19 **Each party's matrix shall indicate the position of each party on each disputed issue and shall**  
20 **indicate whether the disputed issue remains in dispute or has been resolved, in prefiled**  
21 **testimony or otherwise.**

22 IT IS FURTHER ORDERED that **all testimony filed shall include a table of contents which**  
23 **lists the issues discussed.**

24 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to  
25 prefiled testimony, with the exception of rejoinder testimony, shall be reduced to writing and filed no  
26 later than five calendar days before the witness is scheduled to testify. Substantive corrections,  
27 revisions, or supplements to prefiled rejoinder testimony shall be reduced to writing and presented on  
28 the first day of hearing.

1 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the  
2 prefiled testimony of each of their witnesses and **shall file each summary at least two working**  
3 **days before the witness is scheduled to testify.**

4 IT IS FURTHER ORDERED that copies of summaries shall be served upon the  
5 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties  
6 of record.

7 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,  
8 except that **all motions to intervene must be filed on or before May 26, 2009.**

9 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and  
10 regulations of the Commission, except that until **July 9, 2009**, any objection to discovery requests  
11 shall be made within 7 calendar days of receipt<sup>1</sup> and responses to discovery requests shall be made  
12 within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made within  
13 5 calendar days and responses shall be made within 7 calendar days. The response time may be  
14 extended by mutual agreement of the parties involved if the request requires an extensive compilation  
15 effort.

16 IT IS FURTHER ORDERED that for discovery requests, objections, and answers, if a  
17 receiving party requests service to be made electronically, and the sending party has the technical  
18 capability to provide service electronically, service to that party shall be made electronically.

19 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel  
20 discovery, any party seeking resolution of a discovery dispute may telephonically contact the  
21 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery  
22 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and  
23 that the party making such a request shall forthwith contact all other parties to advise them of the  
24 hearing date and shall at the hearing provide a statement confirming that the other parties were  
25 contacted.<sup>2</sup>

26 \_\_\_\_\_  
27 <sup>1</sup> The date of receipt of discovery requests is not counted as a calendar day, and requests received after 4:00 p.m. MST  
will be considered as received the next business day.

28 <sup>2</sup> The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before  
seeking Commission resolution of the controversy.

1 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are  
2 not ruled upon by the Commission within 20 calendar days of the filing date of the motion shall be  
3 deemed denied.

4 IT IS FURTHER ORDERED that any responses to motions shall be filed within five calendar  
5 days of the filing date of the motion.

6 IT IS FURTHER ORDERED that any replies shall be filed within five calendar days of the  
7 filing date of the response.

8 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in  
9 this matter, in the following form and style with the heading in no less than 18-point bold type and  
10 the body in no less than 10-point regular type:

11 **PUBLIC NOTICE OF HEARING ON THE APPLICATION OF UNS GAS, INC. FOR A**  
12 **PERMANENT BASE RATE INCREASE**  
13 **(DOCKET NO. G-04204A-08-0571)**

14 **Summary**

15 On November 7, 2008, UNS Gas, Inc. ("UNS Gas" or "Company") filed an  
16 application with the Arizona Corporation Commission ("Commission") for a  
17 permanent base rate gross revenue increase of \$9,480,876, or 17.92 percent over  
18 current revenues. For residential customers (R10), the Company's application  
19 requests an increase in the fixed monthly customer charge from the current \$8.50 rate  
20 to \$10.00, with subsequent increases in the customer charge to \$12.00 one year later  
21 and to \$14.00 two years later. Under the Company's proposal, the usage charge  
22 applicable to customer bills would increase initially, but would then decline in the  
23 second and third years as the fixed monthly charge increases. The initial level of  
24 authorized overall revenues would remain the same until adjusted by the Commission.

25 As an example, if the Company's proposal were to be adopted by the Commission in  
26 its entirety, a residential customer with 20 therms of usage would experience a base  
27 rate increase of \$2.80 per month in the first year, \$3.92 per month over current rates  
28 the second year, and \$5.04 per month over current rates the third year. Including the  
current cost of gas of 88.7 cents per therm, with 20 therms of usage, a current  
residential customer bill would increase from \$32.78 to \$35.58 (8.5 percent) the first  
year, to \$36.70 (12.0 percent over current rates) the second year, and to \$37.82 (15.4  
percent over current rates) the third year.

As a further example, if the Company's proposal were to be adopted by the  
Commission in its entirety, a residential customer with 100 therms of usage would  
experience a base rate increase of \$8.00 per month in the first year, \$5.60 per month  
over current rates the second year, and \$3.19 per month over current rates the third  
year. Including the current cost of gas of 88.7 cents per therm, with 100 therms of  
usage, a current residential customer bill would increase from \$129.90 to \$137.90 (6.2  
percent) the first year, to \$135.50 (4.3 percent over current rates) the second year, and  
to \$133.09 (2.5 percent over current rates) the third year.

1 These examples are for illustrative purposes only and the actual percentage rate  
2 increase for individual customers would vary depending upon the type and quantity of  
3 service provided.

4 The Commission's Utilities Division Staff ("Staff") is in the process of auditing and  
5 analyzing the application, and has not yet made any recommendations regarding UNS  
6 Gas's proposed rate increase. The Residential Utility Consumer Office is also a party  
7 to this proceeding and will analyze the application and make recommendations to the  
8 Commission. The Commission will determine the appropriate relief to be granted  
9 based on the evidence presented by the parties. The Commission is not bound by the  
10 proposals made by UNS Gas, Staff, or any intervenors; therefore, the final rates  
11 approved by the Commission may be higher or lower than the rates requested by the  
12 Company.

### 13 **How You Can View or Obtain a Copy of the Rate Proposal**

14 Copies of the application and proposed rates are available from UNS Gas  
15 [COMPANY INSERT HOW AND WHERE AVAILABLE FOR EACH  
16 DISTRICT AS APPROPRIATE FOR EACH MAILING/PUBLICATION] and at  
17 the Commission's Docket Control Center at 1200 West Washington, Phoenix,  
18 Arizona, for public inspection during regular business hours and on the Internet via the  
19 Commission's website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function.

### 20 **Arizona Corporation Commission Public Hearing Information**

21 The Commission will hold a hearing on this matter beginning **August 10, 2009, at  
22 9:30 a.m.**, at the Commission's offices, Hearing Room #1, 1200 West Washington  
23 Street, Phoenix, Arizona. Public comments will be taken on the first day of the  
24 hearing. Written public comments may be submitted by mailing a letter referencing  
25 Docket No. G-04204A-08-0571 to Arizona Corporation Commission, Consumer  
26 Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a  
27 form to use and instructions on how to e-mail comments to the Commission, go to  
28 [http://www.azcc.gov/divisions/utilities/forms/public\\_comment.pdf](http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf). If you require  
assistance, you may contact the Consumer Services Section at 1-800-222-7000.

### 29 **About Intervention**

30 The law provides for an open public hearing at which, under appropriate  
31 circumstances, interested parties may intervene. Any person or entity entitled by law  
32 to intervene and having a direct and substantial interest in the matter will be permitted  
33 to intervene. If you wish to intervene, you must file an original and 13 copies of a  
34 written motion to intervene with the Commission no later than **May 26, 2009**, and  
35 send a copy of the motion to UNS Gas or its counsel and to all parties of record. Your  
36 motion to intervene must contain the following:

- 37 1. Your name, address, and telephone number, and the name, address, and  
38 telephone number of any party upon whom service of documents is to  
be made, if not yourself;
- 39 2. A short statement of your interest in the proceeding (e.g., a customer of  
40 UNS Gas, a shareholder of UNS Gas, etc.); and
- 41 3. A statement certifying that you have mailed a copy of the motion to  
42 intervene to UNS Gas or its counsel and to all parties of record in the  
43 case.

1 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except  
2 that all motions to intervene must be filed on or before May 26, 2009. If  
3 representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme  
4 Court, intervention will be conditioned upon the intervenor obtaining counsel to  
5 represent the intervenor. For information about requesting intervention, visit the  
6 Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.  
7 The granting of intervention, among other things, entitles a party to present sworn  
8 evidence at hearing and to cross-examine other witnesses. However, failure to  
9 intervene will not preclude any interested person or entity from appearing at the  
10 hearing and providing public comment on the application or from filing written  
11 comments in the record of the case.

12 **ADA/Equal Access Information**

13 The Commission does not discriminate on the basis of disability in admission to its  
14 public meetings. Persons with a disability may request a reasonable accommodation  
15 such as a sign language interpreter, as well as request this document in an alternative  
16 format, by contacting the ADA Coordinator, Linda Hogan, E-mail [Lhogan@azcc.gov](mailto:Lhogan@azcc.gov),  
17 voice phone number 602/542-3931. Requests should be made as early as possible to  
18 allow time to arrange the accommodation.

19 IT IS FURTHER ORDERED that UNS Gas shall mail to each of its customers in each  
20 affected District a copy of the above notice that includes the appropriate paragraph(s) regarding the  
21 effect of UNS Gas's proposed rate increase, as a bill insert beginning with the first billing cycle in  
22 **March 2009**, and shall cause a copy of such notice to be published at least once in a newspaper of  
23 general circulation in the Company's service territories, with publication to be completed no later  
24 than **March 31, 2009**.

25 IT IS FURTHER ORDERED that UNS Gas shall file certification of mailing/publication as  
26 soon as practicable after the mailing/publication has been completed.

27 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing/publication  
28 of same, notwithstanding the failure of an individual customer to read or receive the notice.

IT IS FURTHER ORDERED that IBEW Local 1116's Application to Intervene is hereby  
granted.

IT IS FURTHER ORDERED that RUCO's Application to Intervene is hereby granted.

IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules  
of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission  
*pro hac vice*.

IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the

1 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances  
2 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is  
3 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the  
4 Administrative Law Judge or the Commission.

5 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized  
6 Communications) continues to apply to this proceeding and shall remain in effect until the  
7 Commission's Decision in this matter is final and non-appealable.

8 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended  
9 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

10 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,  
11 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at  
12 hearing.

13 DATED this 7<sup>th</sup> day of January, 2009.

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15   
16 \_\_\_\_\_  
17 DWIGHT D. NODES  
18 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

19 Copies of the foregoing mailed/delivered  
20 This 7<sup>th</sup> day of January, 2009 to:

21 Raymond S. Heyman  
22 Phillip J. Dion  
23 Michelle Livengood  
24 UniSource Energy Services  
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14

15 By:   
16 Debbi Person  
Assistant to Dwight D. Nodes

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